



The Beaver County Jail

Commissary and Work Release

Audit Report

For the period January 2013 through December 2015

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February 22, 2017

Mr. William Schouppe, Warden
Beaver County Jail
6000 Woodlawn Boulevard
Aliquippa, PA 15001

Dear Mr. Schouppe:

We have audited the financial records of the Beaver County Jail Commissary and Work Release Programs for the period January 1, 2013 through December 31, 2015. Based upon this audit we have issued our report thereon dated January 28, 2017.

We conducted our audit in accordance with generally accepted governmental auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Based upon our review of the financial records, we have made the following findings and recommendation as detailed in this report.



David A. Rossi
Beaver County Controller

AUDIT SCOPE:

The scope of this audit encompasses the period from January 1, 2013 to December 31, 2015.

AUDIT OBJECTIVES:

Through the completion of internal control questionnaires, control tests, substantive tests, and observation, the following audit objectives were accomplished for this audit:

- Evaluate the operation of the canteen fund, inmate fund, and work release fund
- Prepare financial statements for the years of reviewed
- Evaluate controls over the checking accounts
- Ensure that funds are secured and deposited timely
- Ensure that funds received are disbursed to the proper payees
- Ensure that funds held in escrow are adequate
- Ensure that funds receipted are applied properly
- Ensure that void receipts are voided for a valid reason
- Ensure that proper documentation is maintained in the files
- Evaluate the controls over cash
- Evaluate the controls over expenditures and the administration of the budget
- Evaluate controls over general office procedures

**Beaver County Correctional Facility
Canteen Fund
Statement of Cash Receipts and Disbursements
For the Year Ended December 31, 2013**

Beginning Cash Balance - January 1, 2013 **\$ 10,001.24**

Receipts:

Inmate Fund Transfers - Canteen Sales	\$ 231,993.61
Phone Commissions	122,760.05
Other Inmate Fund Transfers	1,890.79
Inmate Fund Transfers - Notary Fees	722.40
Work Release Fund Transfers	282.00
Bank Interest	6.76

Total Receipts **357,655.61**

Disbursements:

Commissary Sales	\$ 164,874.97
County of Beaver	60,613.26
Inmate Fund Transfers - Inmate Payroll	35,852.90
Jail Maintenance and Supplies	8,136.68
Television Services	3,353.12
Haircuts	6,225.00
Other Inmate Services/Products	7,297.70
Inmate Education	2,135.00
Law Library	7,829.30
Fees for Inmates	1,676.43
Work Release Fund Transfers	193.99
Miscellaneous	84.63

Total Disbursements **298,272.98**

Ending Cash Balance - December 31, 2013 **\$ 69,383.87**

**Beaver County Correctional Facility
Canteen Fund
Statement of Cash Receipts and Disbursements
For the Year Ended December 31, 2014**

Beginning Cash Balance - January 1, 2014 **\$ 69,383.87**

Receipts:

Inmate Fund Transfers - Canteen Sales	\$ 266,042.54
Phone Commissions	112,296.67
Other Inmate Fund Transfers	92.16
Inmate Fund Transfers - Notary Fees	420.88
Work Release Fund Transfers	384.00
Refunds and Miscellaneous	63.25
Bank Interest	6.03

Total Receipts **379,305.53**

Disbursements:

Commissary Sales	\$ 143,349.95
County of Beaver	125,149.69
Inmate Fund Transfers - Inmate Payroll	42,963.91
Jail Maintenance and Supplies	7,076.98
Television Services	4,858.56
Haircuts	5,800.00
Other Inmate Services/Products	7,865.61
Inmate Education	60.00
Law Library	9,451.00
Fees for Inmates	1,445.96
Inmate Transportation	692.60
Work Release Fund Transfers	48.38
Miscellaneous	300.33

Total Disbursements **349,062.97**

Ending Cash Balance - December 31, 2014 **\$ 99,626.43**

**Beaver County Correctional Facility
Canteen Fund
Statement of Cash Receipts and Disbursements
For the Year Ended December 31, 2015**

Beginning Cash Balance - January 1, 2015 **\$ 99,626.43**

Receipts:

Inmate Fund Transfers - Canteen Sales	\$ 210,446.92
Phone Commissions	86,216.09
Other Inmate Fund Transfers	11.09
Inmate Fund Transfers - Notary Fees	246.80
Work Release Fund Transfers	-
Refunds and Miscellaneous	471.39
Bank Interest	6.98

Total Receipts **297,399.27**

Disbursements:

Commissary Sales	\$ 106,281.38
County of Beaver	183,544.06
Inmate Fund Transfers - Inmate Payroll	39,559.59
Jail Maintenance and Supplies	5,000.49
Television Services	6,010.15
Haircuts	4,775.00
Other Inmate Services/Products	8,719.80
Inmate Education	702.85
Law Library	8,742.00
Fees for Inmates	4,303.46
State Audit	5,787.00
Work Release Fund Transfers	173.38
Miscellaneous	1,399.75

Total Disbursements **374,998.91**

Ending Cash Balance - December 31, 2015 **\$ 22,026.79**

**Beaver County Correctional Facility
Inmate Account Fund
Statement of Cash Receipts and Disbursements
For the Year Ended December 31, 2013**

Beginning Cash Balance - January 1, 2013	\$ 24,031.03
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Receipts :

Inmate Accounts	\$ 228,897.65
Inmate Initial Receipts	87,738.50
Canteen Fund Transfers - Inmate Payroll	33,795.25
Canteen Fund Transfers - Other	2,049.53
Work Release Fund Transfers - Commissary	7,227.32
Miscellaneous	<u>545.12</u>

Total Receipts	360,253.37
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Disbursements:

Commissary Charges	\$ 234,581.60
Inmate Discharges	86,494.85
Inmate Payments to Individuals	12,397.89
Fines and and Costs	2,893.15
Other Inmate Purchases	873.38
General Fund - Medical and Damages	18,658.73
Work Release Fund Transfers	217.99
Bail Bonds	1,915.00
Banking Charges	1,981.81
Miscellaneous	<u>77.00</u>

Total Disbursements	360,091.40
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Ending Cash Balance - December 31, 2013	<u>\$ 24,193.00</u>
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\$ (0.00)

**Beaver County Correctional Facility
Inmate Account Fund
Statement of Cash Receipts and Disbursements
For the Year Ended December 31, 2014**

Beginning Cash Balance - January 1, 2014 **\$ 24,193.00**

Receipts :

Inmate Accounts	\$ 207,091.97
Inmate Initial Receipts	100,888.65
Canteen Fund Transfers - Inmate Payroll	37,636.00
Canteen Fund Transfers - Other	1,128.79
Work Release Fund Transfers - Commissary	5,539.61
Miscellaneous	<u>175.22</u>

Total Receipts **352,460.24**

Disbursements:

Commissary Charges	\$ 228,414.21
Inmate Discharges	107,208.43
Inmate Payments to Individuals	9,559.21
Fines and and Costs	3,511.60
Other Inmate Purchases	544.95
General Fund - Medical and Damages	3,157.27
Work Release Fund Transfers	-
Bail Bonds	2,425.36
Banking Charges	1,398.38
Miscellaneous	<u>-</u>

Total Disbursements **356,219.41**

Ending Cash Balance - December 31, 2014 **\$ 20,433.83**

**Beaver County Correctional Facility
Inmate Account Fund
Statement of Cash Receipts and Disbursements
For the Year Ended December 31, 2015**

Beginning Cash Balance - January 1, 2015 **\$ 20,433.83**

Receipts :

Inmate Accounts	\$ 157,366.74
Inmate Initial Receipts	82,566.89
Canteen Fund Transfers - Inmate Payroll	46,162.50
Canteen Fund Transfers - Other	3,074.56
Work Release Fund Transfers - Commissary	10,648.99
Miscellaneous	-

Total Receipts

299,819.68

Disbursements:

Miscellaneous	\$ 120.74
Fines and and Costs	10,359.68
Post Master	63.29
Inmate Requests	4,691.50
BCJ Canteen	5,449.03
Commissary	169,392.92
RBC	2,994.52
Administration	8,748.05
Permanent Release	93,953.94

Total Disbursements

295,773.67

Ending Cash Balance - December 31, 2015

\$ 24,479.84

**Beaver County Correctional Facility
Work Release Fund
Statement of Cash Receipts and Disbursements
For the Year Ended December 31, 2013**

Beginning Cash Balance - January 1, 2013		\$ 6,070.96
Receipts:		
Inmate Payroll Receipts	\$ 144,835.34	
Refunds - Bank fees, other	<u>-</u>	
Total Receipts		144,835.34
Disbursements:		
County of Beaver - Room & Board	\$ 65,591.79	
Canteen Fund Transfers - Medical tests	282.00	
Court Costs	8,176.47	
Inmate Fund Transfers - Canteen Sales	7,989.59	
Magistrates	500.00	
Court Ordered Support	-	
Returned to Inmates	62,196.97	
Returned Deposits	554.39	
Miscellaneous	-	
Banking Fees	<u>193.99</u>	
Total Disbursements		<u>145,485.20</u>
Ending Cash Balance - December 31, 2013		<u><u>\$ 5,421.10</u></u>

**Beaver County Correctional Facility
Work Release Fund
Statement of Cash Receipts and Disbursements
For the Year Ended December 31, 2014**

Beginning Cash Balance - January 1, 2014		\$ 5,421.10
Receipts:		
Inmate Payroll Receipts	\$ 131,972.90	
Refunds - Bank fees, other	-	
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Total Receipts		131,972.90
Disbursements:		
County of Beaver - Room & Board	\$ 59,073.49	
Canteen Fund Transfers - Medical tests	384.00	
Court Costs	3,336.17	
Inmate Fund Transfers - Canteen Sales	5,539.61	
Magistrates	-	
Court Ordered Support	425.00	
Returned to Inmates	60,903.07	
Returned Deposits	770.55	
Miscellaneous	998.74	
Banking Fees	48.38	
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Total Disbursements		131,479.01
Ending Cash Balance - December 31, 2014		<u>\$ 5,914.99</u>

**Beaver County Correctional Facility
Work Release Fund
Statement of Cash Receipts and Disbursements
For the Year Ended December 31, 2015**

Beginning Cash Balance - January 1, 2015		\$ 5,722.59
Receipts:		
Inmate Payroll Receipts	\$ 154,156.76	
Refunds - Bank fees, other	1.00	
Total Receipts		154,157.76
Disbursements:		
County of Beaver - Room & Board	\$ 71,673.59	
Canteen Fund Transfers - Medical tests	605.73	
Court Costs	4,953.72	
Inmate Fund Transfers - Canteen Sales	7,756.08	
Magistrates		
Court Ordered Support	188.00	
Returned to Inmates	63,294.22	
Returned Deposits	706.36	
Miscellaneous	(0.10)	
Banking Fees	498.73	
Total Disbursements		149,676.33
Ending Cash Balance - December 31, 2015		<u>\$ 10,204.02</u>

February 22, 2017

Mr. William Schoupe, Warden
Beaver County Jail
6000 Woodlawn Boulevard
Aliquippa, PA 15001

Report on Internal Control Structure

We have audited the accompanying statement of account of the Beaver County Jail Commissary and Work Release Programs for the period January 1, 2013 to December 31, 2015, and have issued our report thereon dated February 22, 2017.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the Beaver County Jail Commissary and Work Release programs for the period January 1, 2013 to December 31, 2015, we considered the office's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and the office's compliance with applicable regulations and not to provide assurance on the internal control structure.

The management of the Beaver County Jail is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with prescribed policies. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, future reliance on any evaluation of the structure, past or current, is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the internal control structure we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation. Additionally, we assessed control risk for the internal control structure except for matters of compliance. Compliance with applicable laws and regulations was considered when assessing control risk for the internal control structure.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the county office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce, to a relatively low level, the risk that material errors or irregularities affecting the financial statements being audited may occur and not be timely detected by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above. We noted the following:

- Previous Audit Findings not addressed.
- Work release policies not followed properly
- Work release financials were not properly administered
- Cash reports presented to the County Board misstated.
- Current Work Release staff does not understand financial maintenance or reporting.
- Previous audit reported adjustment have never been addressed.
- 2015 Work release files are incomplete and contain mistakes and misstatement.

For further elaboration on these weaknesses, refer to the "Findings, Observations and Recommendations" section of this audit report.

This report is intended solely for the information and use of the Office of the Controller, management, and others within the administration. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



David A. Rossi
Beaver County Controller

FINDINGS, OBSERVATIONS AND RECOMMENDATIONS

Finding 1:

Review of the previous audit revealed that many of the same issues, related to the Work Release Program that were present then are still applicable to the current audit.

Recommendations:

It is recommended that the work release program be reviewed in its entirety to insure proper administration and compliance with stated policies..

Finding 2:

Work Release Policy wasn't being adhered to regarding tracking employee time cards to insure that those released on work release were providing a check to the County for the hours worked. At least one inmate, S. Stefananski, worked for a half of 2013 without providing any checks to the county. Other inmates missed various payments without explanation.

Recommendation:

- It is recommended that Work Release policies and procedures must be adhered to, work release time cards should be reviewed to insure that all inmates on work release are providing a check for all work release time and that any work time for which a check is not received should be fully explained.

Finding 3:

2015 Monthly Work Release Reconciliations are still not being performed on a monthly basis. Work release administrator stated that he did not know how to do bank reconciliations. He also stated that he did not understand that there was an impressed amount of funding in the account or how that might affect his reporting to the board. The balance in the account is not reconciled to the reports being presented to the Jail Board.

the account is not reconciled to the reports being presented to the Jail Board.

Recommendation:

- It is recommended that the fund account balance should be reconciled to the check register and actual bank statements monthly, only then can financial statement be correctly stated and the funds balance correctly maintained.

Finding 4:

Because bank statements were not reconciled reports of Cash Receipts and Disbursements made to the Jail Board were misstated.

Recommendations:

- It is recommended Cash Statements and Monthly Bank Reconciliations be reviewed by someone other than the Work Release Coordinator to insure that cash receipts and disbursement are correctly stated when reporting to the board.

Finding 5:

It appears that the staff does not understand how they are reporting financial statements to the board. \$6,000.00 dollars was an impressed amount deposited to the bank account and is the amount that this account should have as a permanent balance. After all items are reconciled and accounted for this account should balance out to \$6,000.00 dollars. This does not appear to have ever occurred. Simply starting every report with \$6,000.00 and ending it with \$6,000.00 dollars does not mean the account is in balance unless you can track that number back to the bank statement. There have been many errors throughout the past years that are not reconciled to your financial statements.

Recommendations:

- It is recommended that some training be provided to the Jail Staff related to the area of bank reconciliation, so that they better understand financial reporting and the idea of an impressed amount and how that effects their reporting.

Finding 6:

This Account has many errors going back over many years that have never been corrected. The current ledger balance is not correct and should be adjusted to represent the current true balance.

Recommendation:

- It is recommended that this account be closed and that a new account opened to give the current administrator a fresh starting point. The new account could be opened by transferring \$6,000.00 from the current account to give the jail the correct beginning balance. The old account could then be monitored until all outstanding items clear, fees and adjustments are paid or received, and old outstanding items are escheated. If there is any balance left the funds could be transferred to the county and if the account is deficient the account could be compensated and the account eventually closed.

Finding 7:

Many reports and files continue to be incomplete or missing, making it hard to determine if the program is being managed properly or if there are any improprieties. A review of the 2015 Work Release files revealed that work release schedules were not available for the first three months of the year. Copies of the inmate's work checks were not maintained with the deposit tickets. It was impossible to determine if the checks were properly signed or if the correct funds were deposited to the checking account. It was impossible to track the process of inmate scheduling, working, providing a check and the deposit of checks to the jail account.

Recommendation:

- It is recommended that the whole process of tracking inmates release for work and the receiving of funds tracks directly to the work release bank account. It would help if one program was developed to track this program from beginning to end instead of multiple programs that are not being properly compared to each other.

- It is further recommended that this program should be monitored by someone with an understanding of the program other than the person in charge of work release to insure that the proper procedures are followed and that the proper records are maintained for auditing purpose.

Observation 1:

While no major errors were found during the Inmate Account review one possible problem observed. This possible problem is when the office manager retrieves the inmate's funds from the booking area. The office manager signs the booking log for the funds without counting the funds in the presence of the booking officers. Any discrepancies to date have been minor but the possibility of a major discrepancy between the Managers count and the Booking count could lead to a problem.

Recommendation:

This process should be reviewed by management to verify any possible problems and to see if there is a better procedure for all involved. This could prevent possible conflict over counting errors or possible fraud.

Observation 2:

Review of the Canteen fund revealed that reports generated to track inmates purchases from Trinity Service Group are hard to read and can be easily misinterpreted which can result in incorrect charges to the inmate or shortages to the Jail Canteen fund. Without Valerie Bearer's personal understanding of these reports they could easily be misinterpreted, resulting in recording errors.

Recommendation:

It is recommended that the Canteen reports be reviewed and discussed with the system provider and Valerie Bearer to see if a better report can be devised that would better satisfy the Jail personnel needs. It is also recommended that Valerie work with someone else at the jail so that they fully understand these reports.

Observation 3:

The staff acknowledged that due to a lack of personnel the duties or functions of all persons receiving, depositing, and recording cash are not separated from the approval of disbursements and the signing of checks in all three Jail Accounts.

Recommendation:

- While it does not appear that this has affected the current county records it would be prudent for this department to review these procedures to prevent possible problems in the future.

Observation4:

Escrow reports are not prepared to compare to outstanding check registers to verify outstanding balances are correct.

Recommendation:

- Running escrow reports at the end of each month and comparing them to bank reconciliations will allow the department to insure that their outstanding balances are the same both in the bank and in the accounting system. This will also help in the tracking of long outstanding checks that may need voided or escheated to the State of Pennsylvania. One check that was listed as outstanding was found in the Jails paperwork during the audit, the check was signed and not marked void.

Observation 5:

Review of the Jails checking accounts revealed that there are outstanding checks that should be escheated to the State of Pennsylvania. A live check that was listed as outstanding on the check register was discovered in an inmate's file.

Recommendation:

- Long outstanding, uncashed, checks that are more than three years old should be escheated to the State of Pennsylvania.

An exit conference was held on February 22, 2017 for the purpose of discussing the items presented in this report. Those in attendance were:

The Beaver County Jail

William Schouppe – Warden
Kathy Tepsic – Office Manager

Beaver County Controller's Office

Charles Gibbons – Auditor

The results of the audit were discussed in there entirety during this conference.

The Warden is requested to respond with the corrective action planned or taken for the findings. If no corrective action is planned please state this. Please return these responses to the Office of the Controller within thirty days of receipt. The responses will be incorporated and become a part of this report. As part of the Office of the Controller's normal reporting procedure, a copy of this report along with the responses will be distributed to the Beaver County Board of Commissioners and will be posted in the Controller's section of the Beaver County website.

RESPONSE TO AUDIT

The following are answers to address the audit from 02-23-2017. All of the information and response are an attempt to rectify and address the issues identified in the audit and to work with the controllers staff to continue to make our operation more efficient and adopt better accounting practices to help limit mistakes and increase accountability.

Response to Finding 1:

The work release program was not being run correctly and we attempted to make corrections and the supervisor running the program did not make the changes and run the program correctly. I went to the Prison board and had the individual removed from the program and had Ben Rader take over as the work release coordinator. This why I requested the audit so we could get to a starting point to make sure the program was solvent and Ben could start making changes and correct the deficiencies.

Response to Finding 2:

The previous work release coordinator was not running the program correctly and the was removed from the program. Ben Rader has been tracking the hours and inmates on the program as they were supposed to be. The tracking of inmates on the program has already been corrected with the removal of the prior coordinator. We have directed Ben Rader on the proper tracking and he has shown to be in compliance with the procedure and policy currently in place.

Response to Finding 3:

I had directed Ben Rader to follow the current practice until the audit could be completed and we could follow the direction of the auditor to correct the deficiencies. We are working to correct that and to place records on a spread sheet as directed by the auditor. Ben Rader has been directed to complete a balancing of the books at the completion of each month.

Response to Finding 4:

We are developing a way to reconcile the account each month to show the amounts in the account are correct. I have directed our officer manger to work with Ben Radar to come up with a form to do the reconciliation which will be part of the monthly Prison board Report once it has been completed and reviewed by the auditor. Once that has been done the monthly report will be submitted to the Warden for review.

Response to Finding 5:

Response is the same as to Finding 5. Both issues will be resolved as a result of implementing a standard reconciliation each month for review.

Response to Finding 6:

Once the method of standardizing the monthly reconciliation is completed we will be following the recommendation of the auditor to close the account and start over. We are going to open a new account with the \$6,000 starting amount and allow the checks to cycle through for the old account and once all the outstanding checks are accounted for we will close the old account.

Response to Finding 7:

The previous coordinator was not doing the proper documentation, but when we made the switch to Ben Rader has been keeping copies in the inmate files and we are documenting all the checks on a spread sheet which has been attached to this response. Ben Rader is keeping a copy of the schedules and all activities in each of the inmate files for review of the program.

Response to Observations:

I have been reluctant to move to an online access to our accounts because I have always felt a hard copy of the financial record is better to show who has access and when to the accounts. I realize I may be a dinosaur when it comes to this and in order to meet some of the requests of the auditor I am going to have to change my ways. I only have so many staff and I feel we have done the best we can to divide up duties and who can sign for what accounts and it is not financially responsible for me to add staff just to divide up duties as requested. This has always been a concern of the auditors since I have been here, but it is what we do on a daily basis and we are making it work.

Our commissary vendor was recently merged with another company and we have been working with them to clarify the billing so the other clerical staff can work out the process and it can be clarified and made more readily understandable. Valerie Bearer has been reviewing this process and has made progress with our vendor with the billing statements.

I have given the check reconciliation to one of the clerical staff and she is reviewing the outstanding checks and we will be sending the report up to the state for the next tax year. We continue to reconcile some of these checks as inmates are recommitted to the jail and we have placed their previous balances on their new accounts. This will be an ongoing process through the coming year as well.

Respectfully Submitted,



William J. Schouppé, Warden